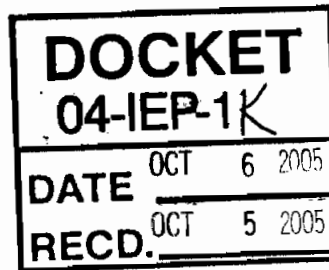




**ENVIRONMENTAL  
ENTREPRENEURS**

October 6, 2005

California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814



www.e2.org

**Re: (Docket 04-IEP-1K) Support Greenhouse Gas Performance Standard Without Offsets**

Dear Commissioners,

We are writing on behalf of Environmental Entrepreneurs (E2), a national community of business people who believe in protecting the environment while building economic prosperity. We strongly support the proposed Greenhouse Gas Performance Standard.

As business leaders in California, we recognize the serious economic risks posed by global warming. Rising temperatures threaten the environment and natural resources, such as water supplies and clean air. This, in turn, is likely to increase the cost of doing business in the Golden State. Further investments in carbon-intensive power plants pose unacceptable financial risks for businesses seeking stable energy costs and reliable energy services in California.

The proposed greenhouse gas (GHG) performance standard will prudently minimize potentially significant reliability and cost risks by avoiding further investments in highly carbon-intensive generation technologies. In addition, the GHG standard will spur deployment of currently-available advanced technologies, such as Integrated Gasification Combined Cycle plants with carbon capture and storage, and encourage further technology innovation by sending a clear market signal that California is committed to building the low-emitting power system of its future starting today.

Chairman Desmond requested comments on whether offsets should be allowed to meet the GHG performance standard. E2 opposes the use of offsets to meet the standard, because they would greatly diminish the benefits of the proposed standard.

California energy consumers can only be assured that they will reap the financial benefits of their investments in emission reductions if they are directly tied to the state's energy system. Under likely future regional or national policies to reduce GHG emissions, it is unknown whether offsets will provide the risk mitigation that the proposed GHG standard offers. Furthermore, allowing the use of offsets would cripple the market signal for technology innovation that the GHG performance standard provides.

E2 urges the Commission to adopt the proposed GHG performance standard, without allowing the use of offsets, as part of the IEPR. We applaud the Commission and Chairman Desmond for crafting a market-based policy that will protect California businesses and residents and begin building a low-emitting energy system with 21st century technologies.

Sincerely,

Bob Epstein, Co-founder

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